CONFIDENTIAL

Regulatory Activity/Legal

2007 MY ES 350 All Weather Floor Mat (Engineering Analysis)

- TMA-DC met with NHTSA to review the agency's evidence regarding the ES 350 All Weather Floor Mat (AWFM) investigation. NHTSA reiterated that they are considering doing a Public Advisory.
- The first slide in NHTSA's (internal management) presentation showed a crashed and burned ES 350 that they inspected. This vehicle's crash was alleged on a single, unsecured AWFM.
- If unsecured and shifted up on the floor of the ES 350, NHTSA alleges that the AWFM has a new design with a deep channel that is prone to catch the accelerator pedal. Once the pedal is caught by the unsecured mat, it may cause unintended acceleration. In addition, they stated that the ES 350 accelerator pedal doesn't articulate well and has a weaker return spring (than the ES 330) making the ES 350 more susceptible to unintended acceleration.
- In some cases, the accelerator pedal was allegedly stuck at wide open throttle (WOT). If this occurs, NHTSA indicated that by repeatedly depressing the brake pedal, eventually the driver will deplete power assist by the brake booster (the brake booster utilizes engine vacuum which isn't generated at WOT).
- In some instances, if the driver attempts to shift into Neutral or Park, NHTSA stated that the gated shifter
 causes the driver to think that they have placed the transmission into Neutral or Park when in reality they
 may just be manually shifting up(+)/down(-).
- NHTSA further alleges, that due to the three second engine shut-off delay (while in motion), if the owner were to attempt to shut-off the engine it may be difficult for them to do so. They also noted that the Owner's Manual language is written more on how pressing and holding the button is not something you want to do. NHTSA stated that it would be better to include language about an emergency procedure (i.e. "However, in an emergency hold the button to shut down the engine").
- NHTSA also claims that a Prius that crashed into a convenience store in Washington State was possibly
 caused by an AWFM trapping the accelerator pedal. They could not confirm if the mat was properly
 secured because the portion of the mat that is affixed by the clips was burned.

http://www.consumeraffairs.com/news04/2007/08/prius_acceleration.html [this link may be a little slow to load]

- NHTSA also claims the IS, Camry, Avalon, and Prius have similar designs which leads the agency to believe this issue affects more than the ES 350.
- Currently, there was one new story on the ES 350 AWFM this week. [click for article]

No new information on the following NHTSA Investigation (08/31/07):

• 2004 through 2006 MY Sienna Rear Hatch Strut (Engineering Analysis)

NHTSA New Car Assessment Program (NCAP)

- On 08/26/07 both the NCAP and revised EPA Fuel Economy labels went into production at TLS facilities.
- Both labels were successfully launched with some minor mainframe IS challenges that were quickly resolved. Vehicle production was not disrupted at TLS or manufacturing facilities because of the labels.

Special Service Campaign/Limited Service Campaign/Customer Support Programs SSC (Safety Recall) 70B – Front Suspension Lower Ball Joints Safety Recall

- TMS continues to experience a national back order on the Ball Joints. The national (TMS and PD) back order quantities are currently at 460 (as of 08/30/07). The back order quantities decreased by 3,409 ball joint sets compared to last Friday (08/24/07).
- To-date, TMS has received approximately 344,911 (65.7% of TMS UIO) parts from TMC.
 - 9,504 parts are in-transit from NAPO-Ontario to the PDCs.
 - An additional 11,488 parts are in-transit from TMC or have just arrived at NAPO-Ontario.
 - 295,672 completion claims have been received. This represents an approximate 56.3% completion rate.

Pre-Delivery Correction (Port Modification) Activity

No new port modifications this week.

Quality Compliance [AD]